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## STATE OF COLORADO CENTRAL COLLECTIONS

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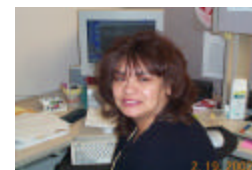
Volume 5, Issue 8

# DEBT NET CENTRAL COLLECTIONS



## Write Offs, Cancellations and Adjustments

By Victoria Trujillo



Write Offs, Cancellations and Adjustment

1

Tax Offset

1

What's New at CCS

2

Worksheets Online

2

Continue of Write Offs, Cancellations

3

Westward Bound!

4

### Terminology

Write Off – The accounting /financial process of reducing the agency's accounts receivable balance. This process does not close the account.

### Write Off:

It is the policy of the State of Colorado that state agencies shall, at least annually, review their accounts receivables prior to the end of the fiscal year and request a write off of accounts deemed uncollectible. At a minimum, state agencies should request that all past due accounts with no payment activity for at least 27 months that

have been through a tax offset process be written off. Please see Fiscal Procedures Manual 1.3 for more information on Write off.

**Debts of fifty dollars (\$50.00) or less** may be written off after the Central Collection Service (CCS) has completed their tax offset procedure without results. These accounts may be written off without approval from CCS or consent of the State Controller.

The procedure for writing off debts of fifty-dollars (\$50.00) or less is to:

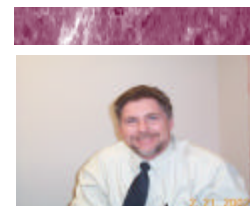
Notify CCS in writing

of the total amount and number of the accounts to be written off. A detailed listing of each account and dollar amount is to be maintained by the state agency for audit purposes. Within ten days of receipt of request for write off your agency will receive a memorandum approved by current manager of CCS accompanied by the original request of write off.

**Continue on Page 3**

## Tax Offset Off and Running

By Greg Mechem



### Special points of interest:

- Quote of the month
- Westward Bound
- New Legal Status's
- Fun Facts

We are very pleased with the way our new Tax Offset process is working. We began sending notices every two weeks to groups of debtors in August. We started with notices to all of Labor and Employment accounts and our active Judicial accounts.

We then sent notices for all of our Higher Education accounts as well, starting with debtors whose last names began with the letters A-L. Two weeks later we sent notices to Higher Education accounts of debtors whose last names began with the letters M-Z. This split the group so that the schools would not receive all of their hearing notification/backup request forms at one time. This helped make their process much smoother also.

As all of our agencies involved so far can attest to, it has created minimal work on their part compared to January and February of last year when they were inundated with requests. So far, we have received a total of 100 hearing requests and have held a total of 30 hearings with another 24 scheduled. Quite a change from the 1800 + we received last year. We recently sent out the Judicial Tax Offset Only accounts in our system, and five weeks ago sent the final group of the "all other" category which included new accounts submitted since the process began.

This new process started out of a brainstorming session in June as a way to im-

prove and streamline the process. Our team was able to take the idea of early hearings and put together a plan of action in a few short weeks. Our goal was to complete the hearing process prior to sending the electronic matching file to Department of Revenue (DOR) which was completed by December 24th. In order to do that we started the notification process in mid-August so as to have enough time. We are now ready to process the requests that result from DOR letters sent when debtors file their 2003 tax returns.

## What's New at Central Collections!

By Mike Sexson

Hello, as we end this year, it means the start of a new year that will be bringing some new ideas and procedures at Central Collections. One of the many questions clients have is "how do we know what is going on with accounts that are on **LEG** status". Well, to help out with some of the confusion and working with **Benny Chacon** from **Adams State College**, we will now be using some new status codes, starting with **PLG**.

What **PLG** means is that the collector has found assets to attach and is sending out a suit au-

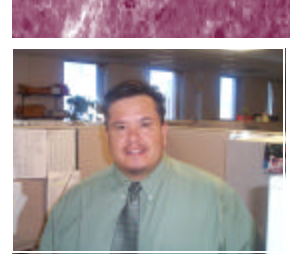
thorization to the client to sign. This status will still show up on the open account activity report.

The next status is going to be **LEG**. What **LEG** means is that the account has been sent to Machol and Johannes and they are going to prepare the account for litigation. It can take some time to get judgment on the account. The debtor has to be served. Locating some of these folks can be a challenge. Since there is **NO** judgment on the account yet, the status remains **LEG**. The

account will continue to show on the open account activity report. The last status is going to be

**LJT**. When we have a court awarded judgment then the status will change to **LJT**. The account will drop off of the open activity report and will appear on the Judgment Report. If you have any questions, please let me know and I would be glad to answer them.

Mike:)



"What **LEG** means is the account has been.."

## New Account Worksheet's Online!

By Mike Sexson

We are excited with some new changes on our website [www.colorado.gov/dpa/dfp/ccs/](http://www.colorado.gov/dpa/dfp/ccs/) with the New Account Worksheet. We are always trying to improve the security regarding how we handle accounts that are sent to CCS.

When you fill out a New Account Work Sheet online you will first have to enter your name then your phone number and a password before you can access the page. If you don't receive a password by e-mail from Penny or I please give me a call at 303-866-6552. I will give it to you better yet, if possible, please e-mail me for the password then I will be able to update my e-mail addresses for the clients that

have had their e-mail changed this last year. The clients that are using the online application currently will be notified first of the change

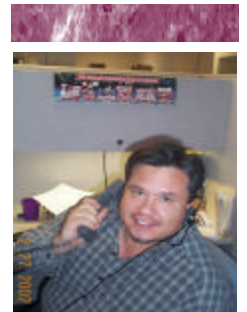
The password on the website went into effect on January 5th 2004. Please forward this to all your staff that submit worksheets online to us. If you still send worksheets to us by mail or fax, please give me a call and I would be glad to show you how to access the online application for sending New Accounts to us.

In the upcoming months we are also going to be setting up on-line forms for Pay Directs and Cancel and Adjustment forms. They will also require a password.

This will be a great way for us to track all Pay Directs and Cancel & Adjustment forms and make sure they are posted in a timely manner. This will also help us with tracking and follow-up of requests. We are always looking for suggestions that might help improve our day to day operations and welcome any comments any time from all of our clients.

Thank you,

Mike:)



"If possible please e-mail for the password then .."

## Fun and Amusing Facts!

Very interesting.....  
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Amzanig huh?

1. One out of every three people  
can't snap their fingers.

2. The typical pencil can draw a line 35 miles long.
3. You spend 1/3 of your life in bed.
4. An average person will spend two weeks of their life kissing!
5. The average women consumes 6 lbs of lipstick in her lifetime.
6. Tuesday is the most productive day of the working week.
7. It takes more muscles to frown than it does to smile.
8. In a public bathroom, the stall which is the closest to the door usually is the cleanest, because it's the least used.

# Write Offs, Cancellations and Adjustments

By Victoria Trujillo

Continued from Page 1

**Debt accounts greater than fifty dollars (\$50.00)** shall only be written off when they have been determined by CCS not to be collectible, and with the consent of the State Controller. A state agency request for such approval shall include:

- A. The number of accounts to be written off;
- B. The dollar amount of each account;
- C. For each account, list the debtor, amount of the account, and a brief statement why the agency believes it is not collectible;
- D. A statement by the responsible individual in the state agency that, in their opinion, the accounts are not collectible.

Within 20 days of receipt of the request of write off your agency will receive a memorandum approved by the CCS manager as well as the State Controller.

When CCS receives requests for write off they will;

Enter a note in cubs and the date of your memo.

Change the status as follows:

- If the account is forwarded to a private collection agency the account status will change to "FWO".
- If the account is in Legal status, the account will change to "LWO"
- Any other status will change to "WRO"

Collections after Write off;

These debts will appear on the Closed Account Report.

Write off of an amount due the state is an accounting process for removing uncollectible charges from accounts receivable balances for the originating agency. Write offs are done for financial reporting purposes. Write offs do not affect the validity of the debt or continuing collection efforts by CCS.

There is no statute of limitations to collect on debts due the state.

NOTE: Please look for a separate write off authorization for combined amounts under and over \$50.00

Cancellations;

Under certain circumstances, a state agency may determine that an account was inappropriately submitted to CCS or other events have occurred that results in a need to recall that account from CCS. In that event the State agency may submit a cancellation request to CCS. A cancellation stops all collection efforts, removes the balance on that account from the CCS database. On request we will notify credit bureau's to remove these entries from their database. An account may be cancelled for reasons other than payment of the account. See Fiscal Procedure Manual 1.5 for more information. Some examples follow:

- A. Account was referred in error.
- B. Account was paid prior to assignment
- C. Account was offset through UI

D. Account was paid through Bond

E. Account is being assigned to the Department of Education (\*1)

F. Account has been discharged through bankruptcy

Agencies can cancel an account by using our Cancellation/Adjustment form or memorandum via:

- A. E-mail
- B. Fax
- C. Mail

When CCS receives these types of requests they will;

- Enter notes in the CUB system, the date of the memo and reason for account being cancelled.
- Change the status to "CAN"
- Bring the account to a zero balance.
- Recall and notify private counsel and forward agency account has been cancelled.

At the end of the month in which the account was cancelled, the agency will receive a report of the accounts that were cancelled. This cancellation notice will inform you of what accounts have been cancelled during that reporting period. The cancellation notice also indicates the amount and date cancelled. Cancelled accounts appear on both Open and Closed reports the month that accounts go to zero balance. Thereafter these accounts will appear only on the Closed report until the end of the fiscal year where they will be purged off by CCS Sys-

tems Administrator.

(\*1) If the account is being assigned to the Department of Education there are separate procedures CCS must adhere to before cancelling the account. Requests for cancellation due to assignment to Department of Education will not occur :

- A. If the account is legal with judgment or pending payments
- B. Forwarded to private collection agency with pending payments
  - Account will be noted in CUB system date of request and reason denied.

Adjustments ;

An account can be adjusted to increase or decrease an account balance for any reason other than a payment. Some examples follow:

- A. Administrative error for portion of account.
- B. Interest rate is incorrect or should not be charged at all.
- C. A portion of debt was offset though UI/benefit offset.

Agencies can adjust the account by using our Cancellation/Adjustment form or memorandum via e-mail, fax or mail. The same steps can be followed with Adjustments as we did with Cancellations.

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Denver, Colorado 80203

Phone: 303-866-6560  
Fax: 303-866-6590  
Email: [mike.sexson@exchange.state.co.us](mailto:mike.sexson@exchange.state.co.us)

Partners in Debt Management!

[WWW.COLORADO.GOV/DPA/DFP/CCS/](http://WWW.COLORADO.GOV/DPA/DFP/CCS/)

## Mission Statement

Working as a team, Central Collections Services (CCS) will exceed client expectations by collecting money in a prompt and cost effective method, while providing superior customer service.

### Quote of the Month,

"Character is doing what's right when no body's looking"

J. C. Watts, JR.  
Politician

## Westward Bound!

By Beth Nemecek  
19th Judicial District

As a young girl, I used to sit on my father's lap while he played cards with his brothers, my mother, and their parents. This was a time of learning and listening to the stories of their youth. There were several stories, but one that stands out is the trip that my mother made from Missouri to Colorado in a covered wagon when she was ten years old.

The year was 1923, my mother and her family followed the road starting from Sedalia, Missouri westward through Kansas and northward across into Nebraska. The group consisted of my Grandparents and their four children.

The "Conestoga," which was the name of the covered wagon they used, was filled with two mattresses, a dresser, hand made by my great grandfather, two trunks, and a galvanized barrel which stored food. My mother rode on the seat next to her dad and watched him handle the oxen that would take them westward. As they neared the end of the day, he would have to find a place to stay. Every night they would try to find a farmhouse and ask if they could set up camp and spend the night.



As they approached Imperial, Nebraska in late December the weather was stormy and the wind was becoming very fierce. If any of you have ever been to Nebraska in the winter, you know it can blizzard with white-outs and temperatures dropping into the negatives for many days. Grandpa



knew if he didn't find shelter soon they would be in a world of hurt.

Then, as the first snow flakes started to fall, they

saw a farmhouse with smoke coming out of the chimney and decided to stop and ask if they could use their barn for shelter that evening. The family living there knew of the dangers that a Nebraska winter can bring so they were very hospitable and helped them to the barn just in time. That night, my mother and her family knew they were saved from a terrible blizzard.

The next morning, they awoke to three feet of snow. In those days they didn't have snow



plows or snow blowers and snow could drift up to 6 feet high in some places. The family, the Herndon's, allowed my mother and her family to stay for several days to allow the snow to melt. My mother could still remember celebrating New Years Eve of 1923 and the first day of 1924 during this time in the barn. They finally made it to their destination in Northeastern Colorado, where my mother made her home for the next eighty-three years.



I had the wonderful experience of accompanying my mother back to Northeastern Colorado this past year. She could still remember places that meant a lot to her and we reminisced about the past experiences. I look back and remember all the stories and the changes that my parents have experienced. I feel very fortunate that my children and grandchildren will have the opportunity to know their heritage and the past, long with being able to hand down the dresser, the galvanized barrel, and the two trunks which are still in the family.

Beth,